FI$Cal
One state. One system.

2018

Department of FISCal
Annual Report to the Legislature

Released February 2019

In Partnership with:

Department of Finance
Department of General Services
State Controller's Office
State Treasurer's Office

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SIGNATURE PAGE

Department of FISCal leadership approval/concurrence:

Miriam Barcellona Ingenito	**Neeraj Chauhan**
Director	Chief Deputy Director

LEGISLATIVE MANDATE (LM)

Government Code Section 13300.5 requires the Department of FISCal to report to the Legislature, on or before February 15 of each year, on all of the following:

1. An executive summary and overview of the system's status.

2. An overview of the system's history.

3. Significant events of the system within the current reporting period and a projection of events during the next reporting period.

4. A discussion of mitigation actions being taken by the office for any missed major milestones.

5. A comparison of actual to budgeted expenditures, and an explanation of variances and any planned corrective actions, including a summary of the system and staffing levels and an estimate of staff participation from partner agencies.

6. An articulation of expected functionality and qualitative benefits from the system that were achieved during the reporting period and that are expected to be achieved in the subsequent year.

7. An overview of change management activities and stakeholder engagement during the system implementation process, including a summary of departmental participation in the system.

8. A discussion of lessons learned and best practices that will be incorporated into future changes in management activities.

9. A description of any significant software customization, including a justification for why, if any, customization was granted.

10. Updates on the progress of meeting the system's objectives, including deviations to the scope, cost or schedule from SPR 7.

This report represents the seventh submission of the Annual Status Report to the Legislature.

1. Executive Summary/Overview of System's Status (LM #1)

The Department of FISCal's 2018 Annual Status Report to the Legislature covers the period from January 1, 2018, through December 31, 2018, and includes projected events for 2019.

In the last year, the department made great progress to fully realize integration of California's cash management, procurement, accounting and budget processes. In July 2018, the final scheduled onboarding took place, bringing in 64 of California state government's largest and most complex departments. This brings the total to 152 state entities transacting in the FI$Cal system. Additionally, State Treasurer's Office (STO) control functionality went live in October bringing in $2.05 trillion per year in cash management transactions; and the beginning phases to integrate State Controller's Office (SCO) functionality took place in October and December.

In September 2018, the department piloted Open FI$Cal, its financial transparency website. The pilot site displays expenditure and vendor data from a limited number of departments including the Department of FISCal. Over the course of the next year, additional departments' data will be added to the site. The transparency website offers a robust set of data with filters and reports for use by researchers, legislators, and the general public.

The Department of FISCal will implement remaining SCO control functionality beginning March 2019. SCO will close out its legacy system in operations and maintenance, and the Financial Information System for California (FI$Cal) will become the book of record.

In addition to completing core functionality, the Department of FISCal also delivered value and convenience to our end users through innovation and a commitment to customer service.

In 2018, the department released the Operational Insight Dashboard to help departments analyze transactions and track month-end close tasks, rolled out an improved online ticketing system to submit requests or report issues, launched an automated role provisioning system that reduces wait times for role requests, and deployed a chatbot that answers questions within the procurement module of the system. Recognizing that effective change management requires a human touch, the department dedicated engagement managers to provide in-person, home-office help for the 64 new departments following Go Live. The department continues to offer year-round User Support Labs staffed by subject matter experts for every department in the system.

2. System History (LM #2)

FI$Cal began as a business transformation project in 2005 and was formalized with a Memorandum of Understanding (MOU) signed in 2007 by the State Controller, the State Treasurer, and the Directors of the Departments of Finance and General Services. The following is a summary of major accomplishments since 2005.

TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017		
Dates	**Events**	**Details**
2005	Feasibility Study Report (FSR) developed	Department of Finance (Finance) developed an FSR that proposed implementing a Commercial-Off-The-Shelf (COTS) Budget Information System (BIS) to meet statewide and departmental budget development and administration needs. High-level discussions brought into focus the need to modernize the state's entire financial management process into a single financial management system.
December 2006	SPR 1 approved by Finance's Office of Technology Review, Oversight, and Security (OTROS)	SPR 1 proposed leveraging the state's then-planned investment of nearly $140 million to establish an integrated financial and administrative system based on Enterprise Resource Planning (ERP) software rather than continuing to replace each of the state's administrative systems separately.
December 2007	SPR 2 approved by Finance's OTROS	SPR 2 extended the implementation schedule by two years for additional planning, legislative reporting activities and procurement and design phase activities, and increased estimated costs to $1.6 billion.

TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017		
Dates	**Events**	**Details**
November 2009	SPR 3 approved by the Office of the State Chief Information Officer (now California Dep't. of Technology [CDT])	In January 2009, in response to concerns expressed by the Legislature and other stakeholders, FI$Cal contracted with an ERP expert to review best practices for planning and implementing a large ERP project. SPR 3 resulted from the revised implementation strategy, based on this review and subsequent decisions of the FI$Cal Steering Committee. This SPR described activities and costs through the system's procurement phase and award of the System Integrator (SI) contract.
March 2012	SPR 4 approved by California Technology Agency (now CDT)	SPR 4 updated activities, schedule and costs through system development and implementation. Total costs, including planning, procurement, design, development and implementation, and the first year of O&M, were estimated at $616.8 million. This represented a reduction of about $1 billion from total costs identified in SPR 2. SPR 4 provided an implementation approach comprised of five waves: a Pre-Wave followed by four implementation waves.
June 2012	SI Contract signed	The System Integrator contract was signed by Accenture and FI$Cal, and then approved by Department of General Services (DGS).
June 2012	Pre-Wave started	Pre-Wave activities commenced, and the onboarding and integration of Accenture began.
July 2012	Statute, etc., analysis completed	Statute, Regulation, and Policy Analysis for 2012 was completed to determine if any statutes might impede implementation of the system.
September 2012	Wave 1 started	Wave 1 activities commenced.

TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017		
Dates	**Events**	**Details**
September 2012	FI$Cal Service Center (FSC) Charter approved	The FI$Cal Steering Committee chartered the FSC to provide ongoing O&M, customer service and support, and internal administrative services for the FI$Cal Production System.
October 2012	Project Work Plan accepted	State's acceptance of the Project Work Plan established the high-level scope and implementation approach for the system. This served as the basis for the activities defined in the system's implementation schedule.
July 2013	Pre-Wave go live	• FI$Cal deployed Pre-Wave procurement functionality, including requisitions, purchase orders and receipts, to seven state entities. • The single, statewide, Master Vendor File was implemented.
July 2013	FSC began operations	The FSC was implemented to support Pre-Wave users.
January 2014	SPR 5 approved by CDT	• DGS changed from partially deferred to a Wave 2 state entity by replacing its Activity Based Management System (ABMS) with FI$Cal. • SCO and STO control agency functions shifted from Wave 2 to Wave 3 with a new go-live date of July 2016. • The majority of state entities shifted from Waves 2 and 3 to Wave 4 with a new go-live date of July 2017. • A new PeopleSoft upgrade was included in Wave 3. • The system implementation schedule was extended by one year. Costs were estimated at $672.6 million, an increase of $55.8 million over SPR 4.
March 2014	Wave 2 started	Wave 2 activities began.

TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017		
Dates	**Events**	**Details**
July 2014	Wave 1 go live	• Wave 1 accounting, budgeting and procurement functionality was deployed to 9 state entities. Two entities deployed for budget functionality only.[1] • Finance went live with control budget functions, making the FI$Cal system the budget system of record, as well as with their departmental accounting, budget and procurement functions. • Wave 1 provided centralized vendor data management and a standard chart of accounts (COA) and budget structure. • User support labs and job aids were made available to end users. • FI$Cal system vouchers were routed to SCO Auditors for approval within the system. In addition, the SCO Audit Tool was deployed.
July 2014	Started July 2016 Release	July 2016 Release activities began.
December 2014	SCO onboarded	SCO began transacting in the FI$Cal system on December 15, 2014.
January 2015	Governor's Budget now in the System	Finance prepared the 2015-16 Governor's Budget of $164.7 billion using the FI$Cal system.

[1] Reported as 11 state entities in Annual Status Report to Legislature for 2015. Two departments onboarded for budget functionality only. Those departments fully onboarded in 2018.

Dates	Events	Details
	TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017	
Dates	**Events**	**Details**
January 2015	Started July 2017 Release	July 2017 Release activities began.
January 2015	Month-end-close reports in the System[2]	Month end close (MEC) reports were developed and deployed to support month end and post-closing reconciliation processes.
August 2015	STO onboarded	STO began transacting in the FI$Cal system in August 2015.
August 2015	Wave 2 Summer Release go live	• In June, 50 state entities participated in user acceptance testing (UAT). • In July, FI$Cal trained 45 state entities for the Wave 2 implementation. • In August, FI$Cal deployed departmental accounting, departmental procurement, the State Contract and Procurement Registration System (SCPRS) interface with BidSync, and capital-outlay (budget process) functionality. • In August, FI$Cal transitioned 52 state entities to Wave 2 functionality.[3]
December 2015	Wave 2 Fall Release go live	• Released new vendor portal (Cal eProcure) to production.

[2] Corrected from July 2014 as reported in Annual Status Report to the Legislature for 2015.
[3] Reported as 54 entities in Annual Status Report to the Legislature for 2015.

TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017		
Dates	**Events**	**Details**
January 2016	Full statewide deployment of Cal eProcure	• Provided access to bids/solicitations for approximately 50,000 suppliers/vendors. • Replaced BidSync, the state's eProcurement system that recorded $15.8 billion in transactions (goods, services, and grants) in 2015.
January 2016	For the second year running, Finance prepared the proposed Governor's Budget using FI$Cal	• The proposed Governor's Budget totaled $170.7 billion for fiscal year (FY) 2016-17.
February 2016	CDT approved SPR 6	• Added one additional system release in July 2018. • Increased subsequent Knowledge Transfer to 12 months. • Created a total schedule extension of two years.
July 2016	For the first time, Finance presented the details of the Enacted Budget using data from FI$Cal	• The Enacted Budget totaled $170.9 billion for FY 2016-17. • For the first time, Californians could see the Enacted Budget on Finance's website at the same level of detail previously available only for the proposed Governor's Budget. • New Enacted Budget features on Finance's website included fund conditions by name and code, printable budget documents, more program-level detail and a new Major Program Changes section. • Enacted Budget data will eventually flow into a transparency website.

TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017		
Dates	**Events**	**Details**
July 2016	Department of FISCal established in statute.	FISCal Service Center was renamed and expanded to the Department of FISCal.
July 2016	July 2016 Release	• Budget upgrade/statewide rollout: upgraded/redesigned the budget solution; rolled out statewide to all remaining budget users. • DGS implementation: Implemented the DGS complex departmental accounting (ABMS replaced by FI$Cal), as well as budgeting and procurement. • Department onboarding: Onboarded six state entities for accounting and procurement (including DGS). An additional four entities onboarded for General Ledger functionality. • Accounting and procurement upgrade: Upgraded accounting and procurement systems to latest version. • Hardware refresh: Refreshed for a more stable environment; this will support future mobile enhancements. • System regression testing: Performed complete system regression test, which demonstrated FI$Cal's ability to keep the system current while bringing on major changes and new departments. • Security enhancements: Implemented Security Information and Event Management (SIEM) for enhanced security a full year ahead of schedule. • Business intelligence capability: Launched business intelligence platform, which allows for financial analytics and visual representations of data.

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TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017		
Dates	**Events**	**Details**
January 2017	FI$Cal enhanced system through innovation.	• Statewide Procurement Enhancements - Included California State Contracts Register (CSCR) and notification enhancements, as well as supplier/bidder registration enhancements. • Began Automated User Provisioning - Provides self-service capability to the FI$Cal system's user administrators at state entities. • Legacy Data Repository (LDR) - Self-Service - Allows state entities to securely store, search, discover, and view their legacy (historic) data.
June 2017	Hardware refresh and remaining budget functionality deployed.	• Hardware/Technology Refresh - Implemented a Private Cloud Appliance (PCA), migrated the budget system to PCA, and upgraded network hardware. This Hardware/Technology Refresh provides the infrastructure that allows sufficient processing capacity to support future releases.

TABLE 1. CHRONOLOGY OF SIGNIFICANT EVENTS THROUGH 2017		
Dates	**Events**	**Details**
July 2017	2017 Release	• Hyperion Budget 2.0 Release 2 (January, February, and July 2017) - Completed the deployment of remaining in-scope budget functionality to all users of FI$Cal's budget solution. • STO's initial Control Functionality released - STO completed all preparation activities for their control functionality and went live with Report 14 used by departments to submit data regarding accounts outside the Centralized Treasury System (CTS) to STO. • Departmental Release - 30 state entities onboarded to the system. • DGS Accounting Release 2 - Implemented funding agreement and report enhancements.

3. Significant Events in 2018 and Future Activities in 2019 (LM#3)

During 2018, the department implemented major functionality and technology as outlined in SPR 7, and state of California employees made significant strides in assuming responsibility for the maintenance and operation of the system.

3.1 January 2018

The Department of FISCal published Special Project Report 7 that outlined the steps and timeline for the final phase of implementation of FI$Cal. The report:

- Did not request additional funds or expand the original scope of the project.

- Maintained July 2018 as the final departmental release to bring on more than 60 entities into the system.

- Established five milestones to integrate State Controller's Office and State Treasurer's Office functionality into the system.

- Documented implementation tasks that are complete.

Additionally, FI$Cal onboarded some client departments early and implemented a new process for enhancements:

- Onboarded two newly formed departments: Office of Tax Appeals and Cannabis Control Appeals Program.

- Fast-tracked onboarding of Department of Real Estate and Department of Consumer Affairs.

- Implemented Enterprise Intake Process to manage application enhancements.

3.2   July 2018

- FI$Cal onboarded 64 departments into the system as scheduled on July 9.

- The July 2018 Release included the largest and most complex departments in the state system.

- The Department of Finance authorized some client departments to continue to use CALSTARS as a "safety-net" for a limited period of time following their entry into the FI$Cal system to meet federal reporting requirements and for mission critical reasons such as elections and wildfires.

- FI$Cal assists end users as they begin to transact in the system through User Support Labs, online job aids, videos, and in some cases, visits to a client department's offices.

- Partner agencies devised a way for client departments to estimate year-end close statements. Partners continue to meet weekly to measure progress.

- State staff took over all operation of the FI$Cal Service Center from the System Integrator.

- Control and Audit functional improvements were implemented as part of SCO/STO Milestone 1.

- Transitioned software development tools from Systems Integrator to the state by implementing cloud-based IBM Rational Tools and ServiceNow.

- Implemented business transaction monitoring using cloud-based AppDynamics software.

3.3   September 2018

FI$Cal launched its pilot financial transparency website, Open FI$Cal:

- The Department of FISCal, Department of Finance and Commission on the Status of Women and Girls participated in the initial launch.
- Open FI$Cal includes non-confidential expenditure data on the pilot site.

3.4   October 2018

FI$Cal implemented Milestone 2, the State Treasurer's Office Operations and Bank Integration, on October 8 that integrates $2.05 trillion yearly in cash management. With the release:

- FI$Cal client departments record their deposit slip and remittances information in FI$Cal.
- FI$Cal client departments no longer use EDF.
- FI$Cal client departments no longer use eFITS.
- New deposit types that align to deposit slip types are available to departments.
- Departments have the ability to view and track their controller receipts associated with their remittance advices submitted to STO/SCO.
- Department of FISCal established functionality including security and encryption with eight financial institutions to support STO's core functions.

3.5   November 2018

FI$Cal added the Government Operations Agency (Secretary) to Open FI$Cal, bringing the total departments on the pilot site to four.

3.6   December 2018

FI$Cal began deployment of State Controller's Office (SCO) integration in October with remittances and released additional functionality on December 3:

- Reduced paper processes for General Ledger journals and journal vouchers.
- Created online certification and approval through SCO.

FI$Cal also deployed "FI$Bot," an in-system virtual agent that answers procurement module questions while end users are logged into PeopleSoft.

3.7 Year Ahead Events

Department of FISCal will continue to work on implementation of remaining Milestones with the next release scheduled for March 2019.

Following completion of implementation tasks, the FI$Cal system will run in tandem with SCO legacy systems utilizing deployed integrated solution functionality. This solution provides SCO with the opportunity to validate data in the FI$Cal system to their legacy systems.

In addition to completing the SCO/STO integrated solution, FI$Cal will incorporate non-confidential expenditure data from all 152 FI$Cal client departments into the Open FI$Cal financial transparency website.

Year 2019 has already brought success with addition of the functionality to administer certifications for a new program created by Senate Bill 605 that expands opportunities for small businesses to compete in the public works arena. Candidates for the program can apply online through Cal eProcure, and if approved, their information will become searchable in Cal eProcure.

4. Mitigation Actions for Missed Major Milestones (LM #4)

The Project is assessing the rollout schedule for Milestones 4 and 5, and will notify the Legislature of any changes.

5. Actual and Budgeted Expenditures (LM #5)

5.1 Expenditures

The following table provides a breakdown of the actual and projected expenditures for 2018-19.

Project: FI$Cal
FY 2018-19 Actuals through December 31, 2018.

	FY 2018-19			
	Authorized Budget	Actuals *	Year End Projections	Difference
Project Costs				
Staff (Salaries & Benefits - Project & Partners)	54,996,226	19,007,678	54,149,740	846,486
Hardware Purchase	2,439,401	1,870,424	2,232,775	206,626
Software Purchase / License	7,839,915	1,516,489	6,475,785	1,364,130
Telecommunications	181,776	86,172	181,776	0
Contract Services:				
Software Customization	22,346,648	4,817,376	22,346,648	0
Project Management	0	0	0	0
Project Oversight	594,400	86,363	594,400	0
IV&V Services	624,000	0	624,000	0
Other Contract Services	26,267,534	1,716,935	22,523,408	3,744,126
Total Contract Services	49,832,582	6,620,674	46,088,456	3,744,126
Data Center Services	2,056,349	163,070	2,050,000	6,349
Agency Facilities	3,196,525	1,317,096	2,633,539	562,986
Project Other (Standard Comp, Travel, Training)	5,717,226	383,925	2,622,500	3,094,726
Total Project Costs	126,260,000	30,965,528	116,434,571	9,825,429

* Actual expenditures are from PeopleSoft Financial System as of December 31, 2018.

Explanation of Differences

As identified in Figure 2, the Department of FISCal anticipates a total savings of $9,825,429 for FY 2018-19 based on actual and planned expenditures as of December 31, 2018. This represents an 8 percent difference between the budget and FI$Cal's planned expenditures. The department recognizes that schedule changes or unplanned end-user complexities may require additional FI$Cal resources, and that the projected savings may be utilized for these unanticipated costs. Additionally, provisional language in the Budget Act authorizes unexpended funds in any fiscal year to be appropriated in augmentation to FI$Cal's annual appropriation. The department continues to be prudent in spending each fiscal year to maintain sufficient savings to fund the planned expenditures identified in Special Project Report 7. This will result in a net zero change to the approved total project costs, with the exception of standard baseline adjustments related to General Salary Increases and Retirement Contribution Adjustments.

5.2 Staffing

The Department of FISCal continues to make every effort to recruit, fill, and retain all positions with qualified candidates.

This is a particular challenge for the department, since many of the IT positions also require in-depth knowledge in financial business processes. In addition to aggressive recruitment to hire the best staff, the department emphasizes training and knowledge transfer activities to ensure that employees are successful in their jobs.

By attending career fairs in the greater Sacramento area, advertising through social media and accepting online applications, the department decreased its vacancy rate by 22 percent since last year.

Note: Department positions include Department of FISCal staff and partner department positions dedicated to FI$Cal.

- FI$Cal Positions – As of November 30, 2018, FI$Cal has 404 authorized permanent, full time positions. Of the 404 positions, 59 were vacant, representing a 14.6 percent vacancy rate. The vacancy rate in the FI$Cal service center was 9.8 percent.

- Hires and Separations – From January through December 2018, FI$Cal hired a total of 97 staff and had 49 separations for a net gain of 48 staff.

STAFFING BY MONTH												
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Authorized Positions	368	368	368	368	368	368	414	404	404	404	404	404
Vacant Positions	71	72	71	69	64	65	81	62	60	57	57	59
Vacancy Rate*	19.3%	19.6%	19.3%	18.8%	17.4%	17.7%	19.6%	15.4%	14.9%	14.1%	14.1%	14.6%

FISCAL DEPARTMENT HIRES AND SEPARATIONS													
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Totals
Roll-on	8	3	4	4	5	3	34	10	4	4	2	2	83
Roll-off	3	4	2	1	2	4	4	7	5	1	2	5	40

FISCAL AND PARTNER HIRES AND SEPARATIONS													
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Totals
Roll-on	8	3	4	4	9	3	36	12	8	4	3	3	97
Roll-off	4	4	3	2	4	4	6	7	6	1	3	5	49

6. Achieved Functionality and Qualitative Benefits for Reporting Period and Subsequent Year (LM #6)

6.1 Functionality and Benefits Achieved in 2018

Final departmental release

FI$Cal successfully onboarded the final scheduled group of 64 departments that are among the largest and most complex entities in state government. There are now 152 state entities transacting in the system. Once onboard, new client departments validate data, complete close for the previous fiscal year, and begin the learning curve to become proficient in the new system.

STO went live with $2.05 trillion in cash management

Deposit slips can now be entered directly into the system, where they record, generate and print.

Customer service through innovation

FI$Cal released new automated offerings to improve the usability of the FI$Cal system:

- The Operational Insight Dashboard available from PeopleSoft is a transaction analysis tool which helps identify obstacles to closing the books.

- A refreshed version of ServiceNow allows end users to submit a request or report an issue, and keep track of tickets. Authorized end users can also view a dashboard of all open tickets in their own department.

- The Identity Self Service Portal streamlines the role request process, reducing the time it takes for end users to receive the roles they need to effectively transact.

- The FI$Bot "chatbot" answers user questions while they are transacting in the procurement module of the FI$Cal system.

Significant improvement in State entities completing Year-End Close (YEC)

The 88 entities in the system for a year or longer as of the end of FY 2017-18 show steady and marked improvement in year-end close with each year of experience they have in the system. The following table illustrates the percent of entities that had completed year-end close as of November 30 following each fiscal year. Note: The DGS Contracted Fiscal Services (CFS) division handles

accounting for some departments in Release 2017 and Wave 2. Their progress is calculated separately as noted in the table. As of November 30, 2018, 76 percent of all 2017 Release and previous entities in the system had completed year-end close.

Year-Over-Year Improvement by Wave/Release: Percent of Departments Completed YEC by November 30				
Wave/Release	**FY 14-15**	**FY 15-16**	**FY 16-17**	**FY 17-18**
Wave 1 (Entered 2014)	14%	71%	100%	100%
Wave 2 (Entered 2015)		33%	42%	75%
Wave 2 - CFS (Entered 2015)		66%	97%	100%
Release 2016			67%	67%
Release 2017				33%
Release 2017 - CFS				100%

The State Controller's Office maintains a list of all state entities that do not prepare their year-end statements by the SCO deadline of August 20, 2018. The list is available on the SCO website.

6.2 Functionality and Benefits Planned for 2019

SCO/STO Control Functionality with SCO Integrated Solution

The integrated solution includes developing interfaces between the FI$Cal system and SCO's legacy system to provide a single point of entry for SCO data. The interfaces will ensure the same data is in both systems while largely eliminating dual entry for end users.

For the SCO/STO control functionality subproject, FI$Cal will roll out each milestone with sprint, testing and deployment phases.

The sprint phase includes the creation of business requirements, development, and functional testing and validation. The testing phase includes interface testing, user acceptance testing, and end-to-end testing.

Following are the key functionalities and the benefits for the milestones scheduled in the coming year:

- Milestone 3: Deploy integrated solution that builds interfaces between the FI$Cal system and SCO legacy system.
  - Benefits

- Allows FI$Cal to send FI$Cal-originated transactions to SCO legacy system.

- Allows SCO legacy system to send SCO legacy-originated transactions to FI$Cal.

- Month-end and year-end procedures updated for integrated solution.

o Key functionality

- FI$Cal transactional data to SCO legacy via Interfaces

- Journal and journal voucher approval workflow

- Statement of Cash Accountability (SOCA) accounting distributions

- Bond fund cash transfer

- Cash management and bank reconciliation

- Actuals legacy to FI$Cal interfaces

- Reconciliation to SCO legacy reports

- Budget legacy to FI$Cal interfaces

- Registered warrants

- Post issuance functionality

- Month-end and year-end procedures updates for M2 and M3 functionality

- Milestone 4: Completion of integrated solution that allows SCO legacy systems and the FI$Cal system to run in tandem, and allows FI$Cal to become a statewide ledger for state government financial processes.

  o Benefits

  - Completed ledger conversion allows for a balance reconciliation between the two systems.

  - Complete reconciliation between SCO legacy and FI$Cal systems deployed.

  o Key functionality

- Ledger conversion
- Cash validation
- Cash validation appropriation control
- SOCA balances and reports for SCO/STO
- Federal Trust Fund (FTF) solution
- Cash basis accounting functionality
- Chart of account transaction table for production support

- Milestone 5: Implementation of Statewide Financial Reporting functionality.
  The Comprehensive Annual Financial Report (CAFR) will draw its information from the FI$Cal system.
  - Benefit
    - CAFR and Budgetary Legal Ledger (BLL) reports are deployed allowing FI$Cal to generate necessary reports for statewide annual reporting.
  - Key functionality
    - Comprehensive Annual Financial Reports
    - Control operations live
    - SCO's debt service functionality
    - Automated rules for reclassification of modified accrual ledger balances to budgetary legal ledger and reports
    - Automated rules for reclassification of modified accrual ledger balances to Generally Accepted Accounting Principles (GAAP) bases
    - Ledger architecture (Extracts only for consolidated BU)
  - Milestone 6: Eventual closeout of SCO legacy system by SCO will take place in O&M. At that time, FI$Cal will implement the following:
  - Key functionality
    - FI$Cal becomes the state's book of record
    - Pooled Money Investment Account (PMIA) interest allocation
    - Automated General Fund daily borrowing

- ▪ General Fund disbursements and receipts reporting
- ▪ General Fund cash forecasting

Lease Revenue bond accounting for DGS.

- • Deal management

The Integrated Solution results in complete transaction integration and reconciliation between FI$Cal and the SCO legacy book of record. It will consist of multiple interfaces, which will enable FI$Cal to send transactions to the SCO legacy system and also receive transactions that originate in legacy. When fully implemented, it allows for efficient processing for all state entities within FI$Cal. FI$Cal will contain all state entity financials including those for Exempt and Deferred departments allowing for a statewide ledger to be maintained within FI$Cal for control and reporting purposes. State entities will continue to own their department financial details and balances within the Modified Accrual ledger. A consolidated business unit will use the Modified Accrual ledger for statewide year-end reporting.

The integrated solution interfaces will send and receive statewide claims, statewide deposits, year-end financials, and budget amounts. Transaction and balance information will be reconciled in FI$Cal through improved automated processes ensuring its accuracy. FI$Cal will consolidate financial and treasury information from multiple legacy systems into one system.

7. Change Management/Stakeholder Engagement (LM #7)

Client departments are incorporated into the FI$Cal system through a multi-step and collaborative process that includes technical preparation activities, training and support. Before a client department enters the system, end users complete multiple validation sessions, attend transition meetings, complete online training and in-person workshops, and a client department authority identifies system roles needed to complete business processes. Based upon analysis and information provided by client departments, FI$Cal converts data from legacy systems into the FI$Cal system, configures values specific to the department (such as ship-to locations), provisions user IDs and passwords, and enters appropriation budgets. Once these activities are complete, the implemented client departments have a starting point for transactions. The FI$Cal system functions as the accounting system of record by providing an integrated platform to record and process accounting, purchasing, budget and cash management transactions. The Department of FISCal assists end users as they

begin to transact in the system through User Support Labs, online job aids, videos, and in some cases, visits to a client department's offices.

The Change Management Office (CMO) adopted a robust post-release department support model in 2018.

Command Center: The Command Center model was expanded following the July 2018 Release to organize requests, troubleshoot issues, and coordinate departmental communications. Representatives from each division within the Department of FISCal and Partner departments convened in the Command Center twice-daily through December 2018 to analyze and troubleshoot client departments' progress with onboarding and effectiveness in transacting with new functionality.

Post Onboarding Department Support: Client departments received in-person, home-office support through November 2018 from FI$Cal and the System Integrator staff.

User Support Labs: The Department of FISCal continued its year-round delivery of on-request support sessions held in its offices. End users can schedule help on any real-work issue, bring in their materials, and complete transactions with the help of subject matter experts.

Change Management for SCO/STO: SCO and STO will continue to lead ongoing change management activities, including readiness, training, and communications, throughout the remainder of the SCO/STO release. The readiness activities will consist of assisting staff located in SCO and STO offices with role mapping, configurations, business process reengineering, and transition support. SCO and STO will continue developing training and support materials with at-home staff to effectively address the unique training needs for SCO and STO control functionality.

8. Lessons Learned and Best Practices (LM #8)

LESSONS LEARNED – JULY 2018 RELEASE	
Lesson Learned	**Recommendation for FI$Cal Project**
Communication	
Deliver clear, concise and timely communications that do not overwhelm department end users.	• Better coordination and earlier outreach to departments. • Overlap communication channels to avoid gaps. **Implemented Solutions to Lessons Learned** Change Management Office working closely with External Affairs to ensure timely communications to educate users on new SCO/STO functionality.
Support	
Better tracking and support in the weeks following Go Live.	• Provide more follow-up and support once departments are transacting in the system. **Implemented Solutions to Lessons Learned** Extended Command Center through December 2018 and provided direct department support.

LESSONS LEARNED – JULY 2018 RELEASE	
Lesson Learned	**Recommendation for FI$Cal Project**
Planning and Resource Management	
Dedicate Department of FISCal staff to specific tasks and ensure client departments have sufficient super users committed to onboarding.	• Need to have departments willing to allocate resources and demonstrate commitment from the top down. • Assign Department of FISCal staff to avoid task conflicts. • Assign sufficient resources from Department of FISCal to assist with onboarding tasks. **Implemented Solutions to Lessons Learned** New leadership in Customer Impact Committee is energizing commitment from agency leadership to facilitate onboarding departments. Dedicated teams in On-Site Support Office and Change Management are focusing time on separate needs of 2018 Release and live departments.

9. Significant Software Customization (LM #9)

The department is committed to implementing the FI$Cal system with minimal customizations but recognizes that some are necessary to meet client department and partner business needs. To ensure the state's ability to meet these needs, the Department of FISCal approved the following significant software customizations in 2018:

Deposit Slip Functionality
• A new functionality was added to the Accounts Receivable module to allow client departments to record deposit slips in FI$Cal and interface non-FI$Cal deposit slips into FI$Cal. This customization provides seamless integration among FI$Cal, STO and SCO allowing client departments to record their deposits and corresponding remittances in FI$Cal and have them flow down to SCO and STO systems.

Remittance Advice Functionality

- A new functionality was added to the Accounts Receivable module to allow STO to record Cash Receipts for Statewide Remittance Advice deposits in FI$Cal and then interface corresponding remittances information from SCO legacy into FI$Cal. This functionality gives departments one book of record for their remittances.

SCO Workflow

- A new workflow was designed in the Accounts Receivable module for SCO. When departments record remittances in FI$Cal for exception scenarios that need to be interfaced to SCO legacy, this workflow allows SCO to review those scenarios before they can flow to SCO legacy.

STO Bank Reconciliation

- Following Milestone 2, FI$Cal client departments now record bank transactions in the system. Additionally, STO has the capability to perform bank reconciliation on all their demand bank accounts in FI$Cal, for which multiple new bank reconciliation rules and a new Semi-Manual Reconciliation page were designed.

Warrant Issuance

- New functionality was added in the Accounts Payable module to enable FI$Cal to record all statewide issued warrants so that FI$Cal becomes the book of record for warrants. This customization integrates into the Accounts Payable function and enables SCO to maintain a central record for all statewide warrants.

Warrant Post Issuance

- New functionality was added in the Accounts Payable module to enable users to perform post issuance activities on warrants. This customization allows SCO to track the status of all issued warrants in the FI$Cal system.

Outbound Transaction Code Interface

- New functionality was added to allow all General Ledger (GL) accounting adjustments made in FI$Cal to automatically interface to SCO, replacing potentially manual or paper-based processes for client departments.

Additional Fields on General Ledger (GL) Journal Entry Page

- New data entry fields are added on GL Journal Entry Page to capture further details required by the SCO legacy system.

10. Progress on Meeting the System's Objectives (LM #10)

Following are the FI$Cal system objectives (Cal. Gov't Code § 11854), with current and planned progress on fulfilling the objectives:

(1) Replace the state's aging legacy financial management systems and eliminate fragmented and diverse reporting by implementing standardized financial management processes and systems across all departments and control agencies. For purposes of this paragraph, "financial management" means accounting, budgeting, cash management, asset accounting, vendor management, and procurement.

As of SPR 7, FI$Cal has a fully implemented financial management platform that includes several commercial off the shelf (COTS) products from Oracle, including PeopleSoft, Hyperion, Primavera, and Governance, Risk and Compliance (GRC), as well as a custom-built Cal eProcure website. By placing all of this functionality in a single comprehensive system, FI$Cal standardizes the applicable financial management processes across all state entities.

Custom reports have been built in FI$Cal, standardized across all departments, to allow state entities to retire diverse and aging legacy financial management systems and report directly and accurately out of the FI$Cal system.

Departmental accounting, budgeting, cash management, asset accounting, vendor management, and procurement functionality has already replaced aging legacy systems for numerous state entities. Over 150 state entities are using accounting, budget and procurement functionality in the system. For the past four years, state entities have been doing their accounting in the FI$Cal system. In July 2018, 64 state entities joined the 88 already using the system's accounting functionality. FI$Cal is working with the Department of Finance on a plan to sunset the CALSTARS system.

With the implementation of Milestone 2 STO Operations and Banking Integration in October 2018, the state reduced or eliminated fragmented applications, improved and integrated business processes for banking, bank reconciliations, deposits and remittances and enhanced reporting at the control agency level.

Implementation of Milestone 3 SCO and Legacy Integration (Release 1 & Release 2) in December 2018 resulted in the reduction of paper-based transactions submissions to the book of record, allowed for Statewide

Warrant reconciliation as well as the retirement of several legacy applications.

The integration of the FI$Cal system and the SCO legacy application will provide a common view of statewide accounting and enable SCO to reconcile the balances between both systems. This will streamline month-end close (MEC) and year-end close (YEC) procedures for state entities by reducing manual processes.

(2) Increase competition by promoting business opportunities through the use of electronic bidding, online vendor interaction, and automated vendor functions.

This objective is fully met. FI$Cal will continue to consider enhancements for business process improvements and efficiencies.

In December 2015, Cal eProcure (California's Online Marketplace) went live
and provides suppliers and potential suppliers the ability to register as a bidder, respond to solicitations, certify as a small business, and view solicitations. As of November 29, 2018, state entities have advertised 17,214 bidding opportunities in FI$Cal. The FI$Cal master vendor file contains more than 98,000 suppliers (excluding Government and Employee Vendors; 9,561 suppliers have created an online profile) and 63,713 bidders (excludes 196 inactive bidders).

The FI$Cal system facilitates electronic bidding by allowing State entities to post solicitations, which allows bidders to respond in a timely manner. Bidders are able to access both their bidder account profile information and their certification profile that allows them to receive notification of solicitations. The system is able to transition bidders to suppliers so that payments can be made in a timely manner, allow online vendor interaction by allowing suppliers to register and complete their online certification forms, and in some cases automatically certifies suppliers as small businesses. State entities are able to quickly search and find certified small businesses which promotes business opportunities. State entities have a single location that provides online access to certified vendors which helps departments easily achieve their annual statewide certified SB/DVBE procurement participation goals.

Overall, FI$Cal gives the state a single, integrated system that supports the entire procurement lifecycle – from requisition, to solicitation, to vendor

selection, to contract, to purchase order, to receipt and most importantly to timely payment.

(3) Maintain a central source for financial management data to reduce the time and expense of vendors, departments, and agencies collecting, maintaining, and reconciling redundant data.

As of December 2018, the FI$Cal platform includes PeopleSoft, Hyperion, Oracle Prime, Oracle Business Intelligence, GRC, and Cal eProcure and provides a multi-tenant financial management system.

This single system allows diverse state entities to perform financial management on one centralized platform rather than requiring each entity to determine how to accomplish similar accounting, budgeting, cash management, asset accounting, vendor management, and procurement tasks.

At the same time, diverse entities can define their own configurations in the FI$Cal system, but the centralized system enables these different configurations to roll up into a single platform used for analysis, transparency, and reporting.

With the implementation of STO and SCO control functionality in 2018, state entities using FI$Cal have fewer paper-based transactions in the SCO legacy system, with transaction-level and balance-level reconciliation. Implementation of SCO/STO functions in 2018 allows for enhanced Statewide Demand Bank and Warrant reconciliations processes.

By putting all data in one system, this functionality creates a central source for the state's accounting, budgeting, cash management, asset accounting, vendor management, and procurement data. Additionally, the platform has the capacity to expand to include additional functions such as inventory, personnel, and grant processes.

(4) Increase investment returns through timely and accurate monitoring of cash balances, cash flow forecasting, and timing of receipts and disbursements.

State entity General Ledger (GL) and Modified Accrual modules are already in the system. Using this functionality, receipts and disbursements are recorded by state entities within the system. Cash balances are recorded within the state entity general ledger and reported to the control agencies as part of their YEC procedures.

When the implementation of Milestone 4 takes place, statewide fund-based cash balances, receipts and disbursements will be fully available to the Control agencies and fund owners within the FI$Cal system.

Also with Milestone 4, cash flow forecasting will be available in the FI$Cal system. The cash balances and cash flow forecasting will allow for enhanced and reliable cash availability information leading to the state's ability to fully take advantage of its cash reserves for investments.

(5) Improve fiscal controls and support better decision-making by state managers and the Legislature by enhancing the quality, timeliness, consistency, and accessibility of financial management information through the use of powerful data access tools, standardized data, and financial management reports.

The FI$Cal system provides financial management data that includes expense, encumbrance, labor distribution, fund, grant, and loan data in the same centralized system. This centralized data, coupled with Oracle Business Intelligence and standardized reporting, gives state managers the tools and the potential for better insight into fiscal controls and decision-making.

For example, in response to legislative requests, Finance has the ability to run reports and filter by various parameters, such as fund source, state entity, or all prospective expenditures ("appropriation levels") approved statewide by a certain house of the Legislature.

Enhanced statewide reporting is already available in the FI$Cal system, including BLL-based reports. The SCO/STO integrated solution implements remaining statewide controls (appropriation and cash) and operations. The implementation of SCO/STO operations and control agency approvals within FI$Cal will reduce the number of manual procedures required to produce statewide reports. The integrated solution allows state officials to drill down to transaction level details within FI$Cal that were previously not available in legacy systems.

(6) Improve access and transparency of California's financial management information allowing the implementation of increased auditing, compliance reporting, and fiscal accountability while sharing information between the public, the Legislature, external stakeholders, state, federal, and local agencies.

Departmental accounting, budgeting, cash management, asset accounting, vendor management, and procurement address this

objective by providing a centralized source for data. This greatly improves access and transparency by removing the fragmentation and duplication of having more than 2,500 legacy systems.

Custom reports have been built in the FI$Cal system and will continue to be improved, to allow state entities to retire diverse and aging legacy financial management systems and report directly and accurately out of the FI$Cal system.

The State Contract and Procurement Registration System (SCPRS) tracks overall total contracting dollars and contracts procured by the state of California. Today this data is collected, analyzed and reported centrally out of the FI$Cal system. Control agencies are able to see state entity transactions in real time within the system and have easier access to documents for audits. This is a first step in providing statewide data from the system to the public, the Legislature, external stakeholders, and state, federal, and local agencies.

As more state entities transact in the FI$Cal system, the state's purchasing decisions are easily viewable via the Cal eProcure online portal, which further enhances state transparency.

Additionally, FI$Cal piloted its financial transparency website, Open FI$Cal, in 2018. Open FI$Cal currently publishes non-confidential expenditure data from the FI$Cal system, giving the general public access to the state's expense data. In 2019, Open FI$Cal will publish expense data for the 152 state entities currently in the system.

(7) Automate manual processes by providing the ability to electronically receive and submit financial management documents and data between agencies, departments, banks, vendors, and other government entities.

The FI$Cal system's departmental accounting, budget, cash management, asset accounting, vendor management, and procurement functionality have eliminated some manual processes and will enable the electronic transmittal of financial management documents and data between the appropriate state entities, including agencies, departments, banks, vendors, and other government entities.

For example, in Wave 2, FI$Cal created an interface between the FI$Cal system and U.S. Bank National Association to receive State of California Purchase Card (CAL-Card) data, eliminating the need for state entities to request this information themselves.

As another example, in Wave 2, the Project built the SCPRS process into the FI$Cal system. SCPRS tracks overall total contracting dollars and contracts procured by the state of California. This allowed departments using the FI$Cal system to no longer report SCPRS data separately to DGS, as it already resided in the system. Further, an automated interface to load SCPRS data into FI$Cal was built for deferred and exempt departments with legacy systems (including the Department of Water Resources, Caltrans, and the California Department of Corrections and Rehabilitation among others).

The STO interface allows FI$Cal system-originated transactions including banking transactions to be sent electronically, and eliminates manual transactions currently sent to SCO in paper form. When complete, the Integrated Solution will allow for statewide transactions originating in SCO's legacy system to be received by the FI$Cal system via new interfaces.

The capability to digitally sign documents is available and can be used for signing contracts generated by PeopleSoft.

(8) Provide online access to financial management information resulting in a reduction of payment or approval inquiries, or both.

This objective is fully met. FI$Cal will continue to consider enhancements as necessary.

At the conclusion of the Wave 2 Fall Release in 2015, the system provided a Small Business and Disabled Veteran Business Enterprise Online Portal which businesses could use to get certified as a California small business or disabled veteran business enterprise supplier. Suppliers can now make online searches and register themselves to receive automated solicitation notification based on the UNSPSC and Service Location; this has led to more suppliers being contacted when departments create solicitations. FI$Cal also has several delivered workflow engines that automatically route transaction approvals through the state entity approval process. This has led to a reduction in manual, paper-based processes.

In early 2019, FI$Cal added functionality to administer certifications for a new program created by Senate Bill 605 (Galgiani) that expands opportunities for small businesses to compete in the public works arena. Candidates for the program can apply online through Cal eProcure, and if approved, their information will become searchable in Cal eProcure.

(9) Improve the state's ability to preserve, access, and analyze historical financial management information to reduce the workload required to research and prepare this information.

By centralizing financial information into a single system, managers and staff at state entities now have the ability to preserve and access this information easily in the future. Numerous reports provided as part of the FI$Cal system and the ability to prepare ad hoc queries will reduce the workload required to research and prepare financial information.

Additionally, control agencies and client departments have the ability to preserve pre-FI$Cal financial information in a Legacy Data Repository (LDR) and access that information through simple search and discovery features. This LDR ability
is already in place for all of the client departments of the system.

FI$Cal's Oracle Business Intelligence platform supports further data analysis, research, and information preparation needs and gives state managers the tools and the potential for better insight into fiscal controls and decision-making. The department plans upgrades to the platform and to provide additional training for end users in 2019.

The SCO/STO integrated solution has begun to provide a statewide source of data for financial management. Inquiries and reports available in the system will allow for efficient data retrieval. Statewide data will be available at the state entity level, a feature not currently available in the SCO legacy system.

The system allows managers and staff within control agencies to access both current and historical accounting, budgeting, cash management, asset accounting, vendor management, and procurement data. This data will be available through online inquiry in the FI$Cal system, as well as through FI$Cal's Legacy Data Repository.

(10) Enable the state to more quickly implement, track, and report on changes to financial management processes and systems to accommodate new information such as statutory changes and performance information.

The FI$Cal system allows for configurable settings that can be modified based on statutory or performance information. Reports are built from configurable settings that allow for the data to be modified in the reports based on hierarchies.

Departmental accounting functionality already implemented, coupled with SCO/STO control functionality in the remaining milestones, will enable

the state to more quickly implement, track, and report on changes to financial management processes and systems to accommodate new information such as statutory changes and performance information.

Several new statutory and policy changes have occurred during the FI$Cal project requiring changes to system functionality. For example, Finance flags Budget Change Proposals (BCPs) to tie specific expenditures with new legislation.

Additionally, FI$Cal successfully added newly created state entities to the system in 2017.

(11) Reduce the time, workload, and costs associated with capturing and projecting revenues, expenditures, and program needs for multiple years and scenarios, and for tracking, reporting, and responding to legislative actions.

Currently, the system provides a centralized location for departmental accounting, budgeting, cash management, asset accounting, vendor management, and procurement functionality for the 152 state entities in the system.

This allows state entities to more quickly and efficiently retrieve financial management information that can be used for analysis required to meet this objective.

For example, if an individual requests information on all expenditures for a specific state entity, a department can report on this information from the system. By 2019, all state entities in the system will also have their non-confidential expenditures available to the public on Open FI$Cal.

(12) Track purchase volumes and costs by vendor and commodity code or service code to increase strategic sourcing opportunities, reduce purchase prices, and capture total state spending data.

This objective is fully met. FI$Cal will continue to consider enhancements as necessary.

At the completion of Wave 2, the integrated Requisition-to-Check process facilitated contract purchasing and captured spending information for future analysis, including interfaced data from deferred and exempt state entities.

SCPRS tracks overall total contracting dollars and contracts procured by the state of California. Today, this data is collected, analyzed and reported centrally out of the FI$Cal system. This statewide data from the

system is available to the public, the Legislature, external stakeholders, and state, federal, and local agencies. The information is provided by vendor and commodity codes and can be seen by other vendors to increase competition for future contracts.

(13) Reduce procurement cycle time by automating purchasing authority limits and approval dependencies and easing access to goods and services available from existing sources, including, but not limited to, using leveraged procurement agreements.

This objective is fully met. FI$Cal will continue to consider enhancements as necessary.

At the conclusion of Wave 2, the FI$Cal system integrated procurement activities across DGS, SCO, and state entities, including fully integrated requisitioning, sourcing, contracts, and purchase order documents. These purchasing capabilities feed directly into the integrated accounts payable function within departmental accounting for invoicing and vouchering (the liquidation or relieving of the encumbrance).

The integrated procurement functionality increases the state's ability to standardize and control its procurement functions, while reducing procurement cycle time. The integrated system automates approval dependencies, which eases access to goods and services available from existing sources, including the use of leveraged procurement agreements.

(14) Streamline the accounts receivable collections process and allow for offset capability which will provide the ability for increased cash collection.

Though initially departmental accounting posed some challenges for newly transacting entities, the functionality already implemented, coupled with remaining SCO/STO control functionality to be implemented in the future, will streamline the accounts receivable collections process and allow for offset capability, thus providing the ability for increased cash collection.

Current system functionality provides the ability to create and print collection and dunning letters.

The FI$Cal system contains a Conversation Entries group box to capture conversations and notes. Multiple conversations can be added for the same customer. Additionally Receivable Item, Contract references, and attachments can be added to give overall conversation view for a given customer.

In the future, integration with FTB will allow departments to send delinquent customer information to FTB. Subsequently, FTB will be able to provide a stop payment list to SCO.

(15) Streamline the payment process and allow for faster vendor payments that will reduce late payment penalty fees paid by the state.

This objective is fully met. FI$Cal will continue to consider enhancements as necessary.

All 152 state entities using the FI$Cal system have a common process to make payments. Using workflow technology, the system enables users to electronically route these transactions for review and approval within their state entity, between the state entity and SCO, and within SCO. Having the entire audit trail of the voucher in the system allows state entities and SCO to have better visibility of where the voucher is in the approval process and when payment is planned. This real-time awareness was not previously available, leading to inadvertent payment penalty fees paid by the state.

At the conclusion of Wave 1, the system streamlined the payment process by enabling state entities to enter payment voucher transactions just once, at the start of the payment process.

(16) Improve role-based security and workflow authorization by capturing near-real-time data from the state's human resources (HR) system of record.

For security reasons, HR data is not directly tied to role-based security and workflow authorization. Accordingly, FI$Cal has addressed this objective in two parts as follows:

At the conclusion of Wave 1, an interface was established between the FI$Cal system and the current SCO payroll system for employee data. The FI$Cal system uses this HR data in several transactions, including labor distribution and employee expense processing such as the California Automated Travel Expense Reimbursement System known as CalATERS. Future security improvements could include retiring CalATERS.

Additionally, FI$Cal has enabled state entity-initiated role-based security and workflow authorization via the Identify Self-Service portal.

The Integrated Solution includes improved control agency role-based security and workflows for statewide accounting and reporting. Workflow

based on transaction type and Chatfield combination data will allow for routing to specific groups of control agency approvers.

(17) Implement a stable and secure information technology infrastructure.

This objective is fully met. FI$Cal will continue to consider enhancements as necessary.

FI$Cal provided a stable infrastructure that can be expanded for additional volume through the following:

- Implementation of ExaData X5 and ExaLogic X5, which will support user and performance needs for at least another five years.

- Implementation of Private Cloud Appliance (PCA) and migration of Hyperion, Business Intelligence, Oracle Prime, and Oracle Enterprise Governance, Risk and Compliance (GRC) to this PCA.

- Implementation of FireEye for malware protection and Gigamon to detect and prevent encrypted malware.

- Implementation of a cloud-based AT&T SIEM solution wherein the AT&T Security Operational Center monitors security events on a 24/7 basis.

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How FI$Cal's Completed Functionality and Technology Meet the Overall Project Objectives

FI$Cal Project Objectives (abridged)	Departmental Accounting	Budget	Procurement	DGS/ABMS	PeopleSoft 9.2 and PeopleTools 8.5.4 Upgrades	Hardware/ Technology Refresh	Hyperion Upgrade	Legacy Data Repository	Oracle Business Intelligence	Security Information and Event Management	Open FI$Cal	STO Functionality	SCO Functionality
1. Replace State's aging financial systems	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	✓	In progress
2. Increase competition through bidding and vendor functions	n/a	n/a	✓	n/a	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Maintain central source for data	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	n/a	✓	In progress
4. Increase investment returns through cash flow monitoring and forecasting	✓	✓	n/a	✓	n/a	n/a	n/a	n/a	✓	n/a	n/a	✓	In progress
5. Improve fiscal controls and support better decision making	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	In progress	✓	In progress
6. Improve access and transparency	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	In progress	✓	In progress
7. Automate exchange of financial documents and data	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	In progress	✓	In progress
8. Online access to financial management information	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	In progress	✓	In progress
9. Improve system for historical management information	n/a	✓	✓	✓	n/a	n/a	✓	✓	✓	n/a	In progress	✓	In progress
10. Enable quicker financial management reporting/tracking	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	In progress	✓	In progress
11. Reduce time, workload, costs for financial management	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	n/a	✓	In progress
12. Track purchase volumes/costs to increase strategic sourcing	✓	n/a	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
13. Reduce procurement cycle time	✓	n/a	✓	n/a	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a
14. Streamline AR collections	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	In progress
15. Streamline vendor payments	✓	n/a	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	In progress
16. Improve role-based security	✓	✓	n/a	n/a	✓	✓	✓	n/a	n/a	n/a	n/a	✓	In progress
17. Implement stable and secure IT infrastructure	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	✓	n/a	✓	In progress

✓ = completed

10.1 Deviations to the Scope, Cost, or Schedule from SPR 7

The Project is assessing the rollout schedule for Milestones 4 and 5, and will notify the Legislature of any changes.

11. Appendix of Metrics

11.1 Month-end close statistics

Month-End Close Summary

Implementing a new accounting system at any organization requires the concerted effort of many parties. Factors that influence success include organizational culture, change management practices, accounting staff experience and departmental accounting complexity. In general, the longer a department uses the system, the more proficient its end users will become.

One task that shows evidence of improvement with experience is the process of month-end close (MEC). As the following chart illustrates, as of December 31, 2018, departments from earlier waves tended to have more months closed in the first half of the fiscal year than departments from later waves. Each wave of departments has improved its MEC performance each year.

Percent of Departments That Had Closed Each Month of FY 2018-19, by Wave, as of December 31, 2018
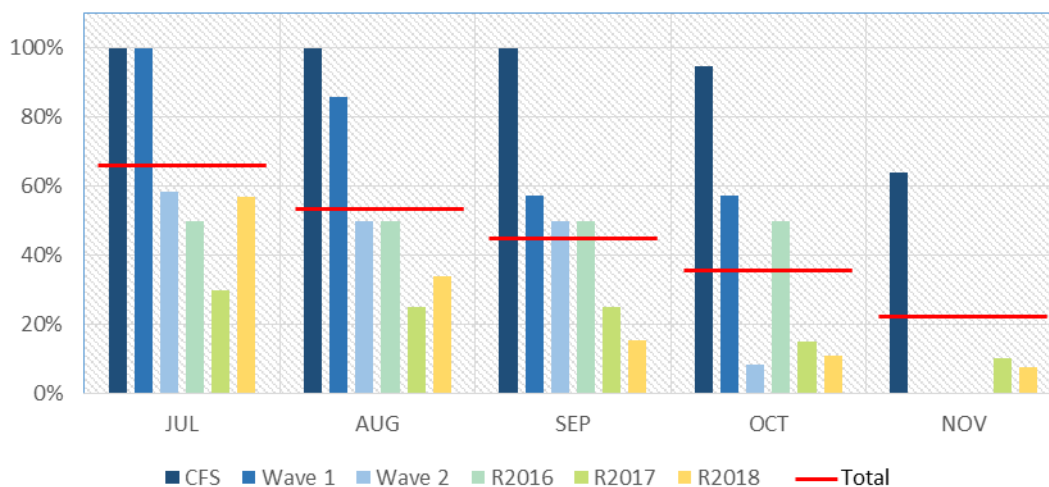
Note that the chart also separates out departments that have their accounting done by the DGS Contracted Fiscal Services (CFS) Unit. CFS is a professional accounting shop that provides services to many smaller departments that do not have the necessary staff or resources in-house. It has shown great success in closing out months on time.

The tables on the following pages illustrate progress toward close for the first half of fiscal year 2018-19 for each department using FI$Cal, as of December 31. As with the previous chart, departments are grouped by the year they entered the system, with the exception of CFS departments, which are grouped separately. A month is considered partially closed when all of a department's submodules are closed, and it is considered fully closed when asset management and general ledger are closed within the FI$Cal system. Ideally, as of December 31 in any given year, a department should have July through November closed.

For client departments that are behind on closing their months, the Department of FISCal offers focused support to help them achieve success. Year-round User Support Labs (USLs) are available five days a week, by appointment. End users bring in their work and receive help from subject matter experts. Participating client departments report leaving their USL sessions with more months closed than when they arrived. The Department of FISCal also has a dedicated team to resolve tickets that are submitted for MEC issues. These service tickets are routed directly to the MEC team, and are resolved on a priority basis. With focused cooperation on the part of all parties, the Department of FISCal anticipates departments will show continued progress in closing out months.

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Month-End Close Status for the First Six Months of 2018-19
As Of December 31, 2018

Key

(light green)	Month Partially Closed
(dark green)	Month Fully Closed

(Status codes below: F = Month Fully Closed, P = Month Partially Closed, blank = no status)

Accounting Performed by DGS CFS

Accounting Done by DGS CFS, All Waves

BU	Department	JUL	AUG	SEP	OCT	NOV	DEC
0552	OIG	F	F	F	F	F	
0870	OTA	F	F	F	F	F	
0911	CRC	F	F	F	F	F	
0972	SCFA	F	F	F	F	F	
0973	RCPFA	F	F	F	F	F	
0975	LASBA	F	F	F	F	F	
0978	SFSBA	F	F	F	F	F	
0979	OASBA	F	F	F	F	F	
1045	CCAP	F	F	F	F	F	
2600	CATC	F	F	F	F	F	
3875	SSJDC	F	F	F	F	F	
4185	CSLEG	F	F	F	F	F	
6125	EAAP	F	F	F	F	F	
6255	CSSSA	F	F	F	F	F	
6360	CCTC	F	F	F	F	F	
6445	CIRM	F	F	F	F	F	
7910	OAL	F	F	F	F	F	
8790	CCDA	F	F	F	F	F	
8885	CSM	F	F	F	F	F	
0509	GOBIZ	F	F	F	F	F	
0511	GOVOPS	F	F	F	F	F	
0855	CGCC	F	F	F	F	F	
3885	DSC	F	F	F	F	F	
8820	CCSWG	F	F	F	F	F	
0515	BCSH	F	F	F	F	P	
1690	SSC	F	F	F	F	P	
3845	SDRC	F	F	F	F	P	
5170	SILC	F	F	F	F	P	
8140	OSPD	F	F	F	F	P	
8780	LHC	F	F	F	F	P	
4560	MHSOAC	F	F	F	F	F	
0531	OSI	F	F	F	F		
2120	ABCAB	F	F	F	F		
3125	TAHOE	F	F	F	F		
3810	SMMC	F	F	F	F		
3855	SNC	F	F	F	F		
8620	FPPC	F	F	F	F		
3825	RMC	F	F	F	P		
4120	EMSA	F	F	F			

Accounting Not Performed by DGS CFS

Wave	BU	Department	JUL	AUG	SEP	OCT	NOV	DEC
Wave 1, 2014	7300	ALRB	F	F	F	F		
	8260	CAC	F	F	F	F		
	8860	DOF	F	F	F	F	P	
	3980	OEHHA	F	F	F	F		
	3820	BCDC	F	F	P	P		
	1700	DFEH	F	F	P			
	2100	ABC	F					
Wave 2, 2015	2665	HSR	F	F	F	F	P	
	0840	SCO	F	F	P			
	0950	STO	F	F	P			
	8880	FI$Cal	F	F	P			
	7870	VCGCB	F	F				
	4180	CCOA	F	F	P			
	3970	CalRecycle	F	P	P			
	3960	DTSC						
	4170	CDA						
	4250	CCFC						
	5227	BSCC						
	6120	Library						
Release 2016	0750	LTG	F	F	F	F	P	
	3460	CRB	F	F	F	F		
	3105	CAAM	F	F	F	F		
	3100	SCIENCE	P					
	3930	CDPR	P					
	7760	DGS	P					
Release 2017	6350	SFAP	F	F	F	F	F	
	4150	DMHC	F	F	F	F	F	
	4700	DCSD	F	F	F			
	3850	CVMC	F	F	F	F		
	3830	SJRC	F	F	F	P		
	3835	BHC	F	F	F			
	6980	CSAC	F	P				
	5175	DCSS	F	P				
	8570	CDFA	P					
	1111	DCA						
	1750	CHRB						
	3340	CCC						
	3360	ENERGY						
	3480	DOC						
	3600	CDFW						
	3640	WCB						
	3720	COASTAL						
	3760	SCC						
	3790	PARKS						
	4140	OSHPD						
	6870	CCCCO						
	7320	PERB						
	8120	POST						
	8940	MILITARY						

Annual Report to the Legislature for 2018

Release 2018, Accounting Not Performed by DGS CFS

BU	Department	JUL	AUG	SEP	OCT	NOV	DEC
0720	PORTRAITS	■	■	■	■	■	
0730	GEO	■	■	■	■	■	
3110	CNRA	■	■	■	■	■	
9618	ERFC	■	■	■	■	■	
0500	GOV	■	■	■	■		
0983	CUWARFA	■	■	■	■	■	
8385	CACOMP	■	■	■	▨		
0989	CEFA	■	■	■	▨		
2320	DRE	■	■	■	■		
0555	CALEPA	■	■	▨	▨		
0845	DOI	■	■	■			
0968	CTCAC	■	■				
0956	CDIAC	■	■	▨			
0959	CDLAC	■	■	▨			
0981	ABLE	■	■	▨			
0984	SCRSIB	■	■	▨			
0954	SIS	■	■				
1701	DBO	■	■				
7120	CWDB	■	■				
7350	DIR	■					
0965	CIDFAC	■	▨	▨			
0540	CNRA	■	■				
0650	OPR	■	■				
0985	CSFA	■	■				
0280	CJP	▨	▨	▨			
0860	BOE	■					
3540	CALFIRE	▨	▨	▨			
4800	COVCA	■					
7100	EDD	▨	▨	▨			
0250	JUD	■	▨				
0559	LABOR	■	▨				
2720	CHP	■	▨				

| BU	Department	JUL	AUG	SEP	OCT	NOV	DEC
7730	FTB	■	▨				
0977	CHFFA	▨	▨				
3900	ARB	▨	▨				
0530	CHHS	■					
2670	BOPC	■					
4265	CDPH	■					
4300	DDS	■					
6200	CDE-CSB	■					
6250	CDE-CSDR	■					
8660	CPUC	■					
0690	OES	▨					
4260	DHCS	▨					
4440	DSH	▨					
6240	CDE-CSDF	▨					
6260	CDE-DNC	▨					
7600	CDTFA	▨					
8955	CALVET	▨					
0521	TRANS						
0890	SOS						
0971	CAEATFA						
0974	CPCFA						
2240	HCD						
2640	STA						
3560	SLC						
3780	NAHC						
3840	DPC						
3940	SWRCB						
4100	SCDD						
5180	DSS						
6100	CDE						
7501	CALHR						
7503	SPB						

Note: 2018 Release departments spent the first 60 days in the FI$Cal system completing user and data validation, closing out books from the previous year in the legacy system, performing catch-up transactions, and loading beginning balances from the legacy system. This is a normal part of entering the FI$Cal system with every release, and delays a department's ability to close months.

11.2 Service request statistics

Out of approximately 51,000 tickets submitted to the FI$Cal Service Center between January and December 2018, 5 percent represented software or application issues, 5 percent sought help with month-end close and 1 percent were enhancement requests. The majority of tickets requested "how-to" help and system access like password resets. Overall, 71 percent of tickets are resolved in 0 to 5 days; 17 percent take up to two weeks; and 7 percent take up to 30 days. See Section 7 for a description of user support services the department provides for onboarding and continuing education.

RESOLVED CASES BREAKDOWN

User Education
58%

Account Access
31%

Software/Application Issue
5%

Month-End Support
5%

Enhancements
1%
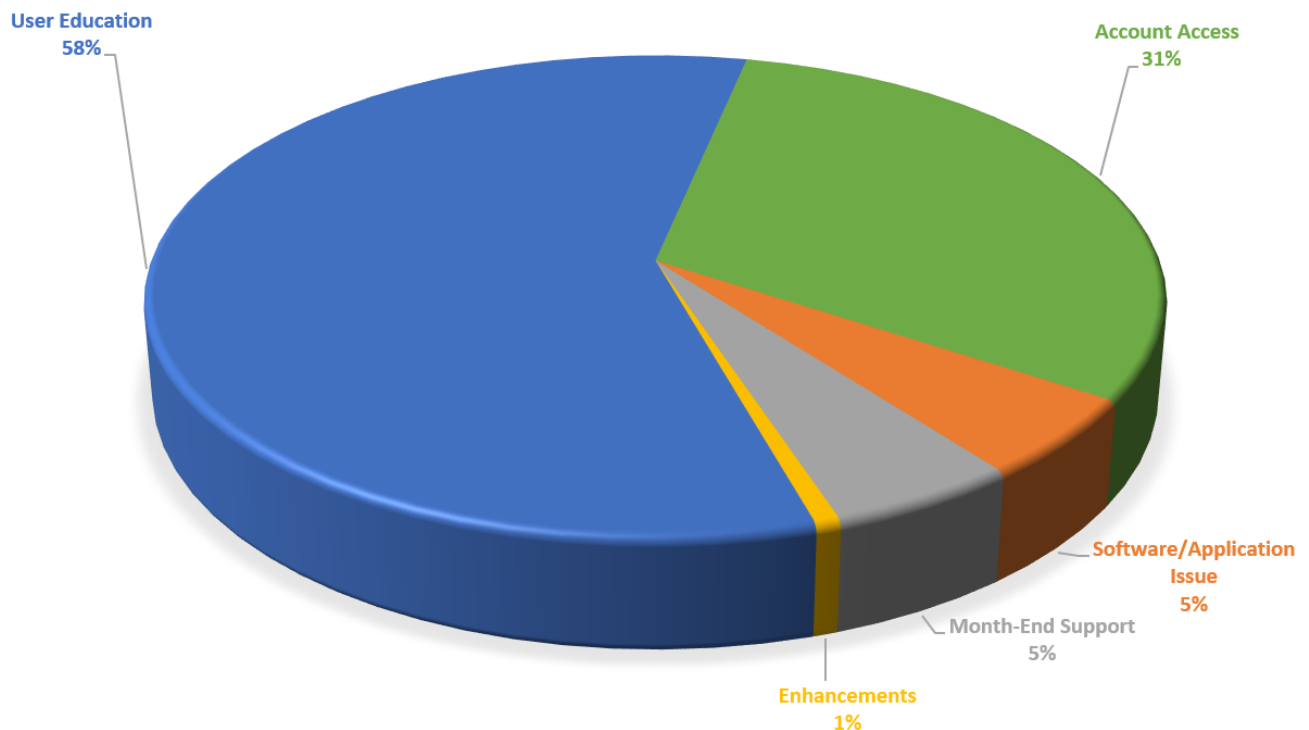
11.3 System availability

From July 1, 2018 through October 31, 2018, the FI$Cal system was available for end users 99.89 percent of planned uptime, experiencing unplanned outages for only 173 minutes. This exceeded FI$Cal's availability goal of 99.5 percent. FI$Cal plans regular maintenance, new functionality and cutover activities over the weekend and outside of normal work hours. Some departments experience network speed and connectivity issues that may interfere with their access to the FI$Cal system even when the system is operating properly. We continue to work with client departments to help them resolve these issues.

11.4 Legacy system usage statistics

FI$Cal planned for some departments to continue to use CALSTARS as a "safety-net" for a limited period of time following their entry into the system. These departments had mission critical reasons or other unique business circumstances to delay transacting in FI$Cal. The extra time in CALSTARS allowed for implementation of enhanced functionality or a longer runway for departments to gain comfort and proficiency in the new system. Three previous release departments and 19 of the 64 departments that entered the FI$Cal system in July 2018 are still using CALSTARS in some capacity.[4] Department of FISCal has deployed a team to help these departments fully use the system before CALSTARS goes offline in June 2019.

The Department of Finance granted the following departments extensions to use CALSTARS for one or more months beyond December 2018:

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[4] The transactions amounted to $224 billion in the legacy accounting system through December 2018.

Departments Granted CALSTARS Extensions		
BU	**Department**	**Extension Date**
0521	Transportation Agency	01/31/2019
0690	Office of Emergency Services*	01/31/2019
0890	Secretary of State**	01/31/2019
3940	State Water Resources Control Board	01/31/2019
3900	Air Resources Board (ARB)	01/31/2019
0555	California Environmental Protection Agency (Accounting by ARB)	01/31/2019
0971	California Alternative Energy and Advanced Transportation Financing Authority*** (Accounting by STO)	02/01/2019
0974	California Pollution Control Financing Authority*** (Accounting by STO)	02/01/2019
4440	Department of State Hospitals	02/28/2019
5180	Department of Social Services (DSS)*	03/31/2019
4100	State Council on Developmental Disabilities* (Accounting by DSS)	03/31/2019
4260	Department of Health Care Services*	03/31/2019
4300	Department of Developmental Services	03/31/2019
4800	Covered California	03/31/2019
6100	California Department of Education	03/31/2019
8955	Department of Veterans Affairs	03/31/2019
3540	Department of Forestry and Fire Protection***	05/31/2019
0950	STO (2016 Release)****	06/30/2019
4265	California Department of Public Health	TBD
7730	Franchise Tax Board	TBD
3790	Department of Parks and Recreation (2017 Release)	TBD
3600	California Department of Fish and Wildlife (2017 Release)	TBD

*Delayed to meet federal reporting requirements.
**Department approved to use CALSTARS until after November 2018 elections
***Department approved to go live on a date after July 2018
****Access to CALSTARS needed for a control function, not departmental transactions